*Previous references*

190 M-12
(Insufl)

File No 3574 of 14
Serial Nos. 1 to 2

*Later references.*

Law 40-38-1-2

# GENERAL AND REVENUE SECRETARIAT.

*Serial Nos* 1 to 2

Part B for 8 January 1913

SUBJECT

Levy of octroi duty in the Davangere Municipality.

1. From D.C. (Circle) Dvg. No. 578 of 12-6-12 - asking instructions as to whether octroi duty should be levied on the cloths exported out of the quantity kept in the bonded warehouse after bulk is broken -

2. G.O. No. 5219-268 of 18-11-1913, states that octroi duty should not be levied on the quantity which was returned to the party for being sent back to the dealer from whom he imported it.

G. R. S. 58

G.R.S. 11] 1911-1912

GENERAL AND REVENUE SECRETARIAT

( Rev. )

NOTES

File No 354-11

File Heading

Levy of octroi in the Darrangore Municipality.

From

The Dy. Com^r., Chittalpur Distt.,

No. 518 Dated 12-6-1912 Received 17-6-1912

| Diary No. 7476 | Enclos One f/s Spare Copies. — | Serial No 1 |
|---|---|---|

Brief Abstract of Letter

Solicits instructions as to whether in the case of cloth imported into the Darrangore Municipality and kept in the bonded ware-house, if bulk is broken and a portion exported octroi duty should be levied on the quantity so exported.

NOTES AND ORDERS

The main principle of octroi taxation is that the duty should be levied only on articles imported into Municipalities for Consumption therein and should on no account be extended to articles belonging to the transit or general trade of the

Notes—First Sheet

GPB—30,000—12-8-11

G R S. 12]

General and Revenue Secretariat | 2C File No. 354 of 1911

Serial No.

Country. (vide Govt orders of 1877 & 1879 and Sec 59(iv) of the Municipal Regns) The Govt order of January 1893 referred to by the Sec to Govt does not seem to run counter to this principle as the Bangalore City Municipality the duty is levied on saleable articles as soon as they are imported, but there is a system of refunds in which Municipality in the case of articles exported subsequently which does not obtain in Bangalore & other Municipalities. It is evident for this simple reason that articles intended for being exported to other places were suggested to be detained in a bonded warehouse, Sayer Kotte or Taluk Cutcherry as the case may be. No objection would be gained by detaining articles in a bonded warehouse unless it is for identifying articles intended for export and remitting the duty thereon. In favor of the Sec to Govt's view an instance is cited as to how the Municipality may lose its revenue by the traders adopting shady methods. It is however submitted that if the Municipality provides for a system of refunds

vide para 2 of G.O. dt 14-1-1893.

Note – Contin ued

4 PH 20 000 - 20-1 12

G R. S 12]

General and Revenue Secretariat | ad File No. 354 of 1911

Serial No

refunder on its by-laws, the parties in such cases would be legally entitled to a refund of the duty and their transactions will not be considered thereby inasmuch as the Municipality is not entitled to duty on articles intended for exportation.

Submitted for orders.

28/6/12

2 Octroi can be levied on such animals or goods only as are brought within municipal limits for consumption or use therein. If merely because bulk is broken, for being some portion thereof so taken for consumption within the municipality, the whole does not seem chargeable with duty. Where there is no system of refund of duty in respect of articles on which duty is paid and which are subsequently exported, there seems to be nothing unfair in leaving

NOTE—Contin. sheet.

GPB—30,000—20-1-12

2476

4

(4 R. S 12]

General and Revenue Secretariat | Rl File No. 352 of 1911

Serial No

in the bonded warehouse articles not required for consumption within the municipality, whether they form the whole of the bulk or only a portion thereof, and exporting them without payment of duty when customers are secured for them - To prevent articles being kept for long periods in the bonded warehouse, the rates of warehouse fees may be suitably regulated and a time limit may also be fixed.

Secy) 1 7-12 Rlle

3 I would support the view taken by the President in the case (last para) stated and in the levies on the quantity which was retained by the Govt for being sent back to the dealer from whom the importer got it)

2 As regards the difficulty pointed out by the Dep^t Comm^r limiting of the case

NOTE—Contin. sheet.

7476 5

G R. S. 12]

General and Revenue Secretariat | Mil File No. 354 of 1911

Serial No

If this kind under advertence, that ochoor is not levied on the whole consignment on the former head part if it is not meant for local consumption, merchants may try to evade payment of duty by getting customers as far as possible from village. I think it can be got over by presenting the maximum period beyond which articles should not be kept in the Town municipal warehouse and also by forcing the rent for the use of the warehouse sufficiently high to prevent the merchants leaving their goods there for any length of time in expectation of getting purchasers for them from the villages.

2nd Councilor
& Dewan

WRS
31/7/12

31/7/12

If there will be no difficulty in the course adopted by the Bangalore city & Mysore

NOTE—Contin. sheet.

G R. S. 12]

General and Revenue Secretariat

File No. 35-4 of 1911

Serial No

viz levy action on the whole quantity and then give concession for such portion as is found entitled to out-station for sale after the bulk is broken.

Dewan 15/8/12

2803/13-8-12

13/8/12

Please prepare an order accordingly & circulate. The Rajah's Commission Rule — If bulks broken outside the Bonded warehouse it will be levied. Result is distinguish between quantity locally consumed and quantity exported —

15/8/12

iv

15/8/12

Please put up Rajah accepts Mr Earl

SPM 21-8-12

8

NOTE —Contin. sheet.

R. S. 12]

General and Revenue Secretariat

File No. 354 of 1911

Serial No.

1 Draft order submitted
Mr 30
29.8.12

2 Please rewrite the draft
31/8/12

3 Revised draft submitted.
Mr 30
29.9.12

4/9/12

Sec'y

4 Fair draft submitted
Mr 30
27.9.12 12

5 Revised draft with a separate note as personally directed by the Secy is put up herewith
Secy)
4/10/12

6 Draft as in lines suggested by the 2nd Commissioner is put up.
I venture, however, respectfully to submit that the remedy proposed by the 2nd Commissioner is not the appropriate one having regard to what the Dt Commr & Chairman has done not appear

Note—Contin. sheet.

GPB—61,000—17-4-12.

(8

R. S. 12]

General and Revenue Secretariat | File No. 354 of 1911 (2)

Serial No

to be effective. A note explaining the powers prepared by the asst Secy under my instructions is attached for personal reference.

2nd Commissioner

2nd 11/10

Remarks for the note. The point for consideration is whether Govt should forego levying duties on articles which are imported within the limits of a municipality for local consumption — and if this Govt should be levied on all taxable articles consumed outside the municipal limits but within the municipal limits by laws should be

NOTE—Contin. sheet.

GPB—65,000—17-4-12.

R. S. 12]

General and Revenue Secretariat.

Ind File No. 382 of Cgll-1912

Serial No

be pressed to assent to some scheme which might be effected by the various municipal bodies concerned by the municipalities themselves or by the Municipal Boards - election to one of them.

If the merchant communities for exclusion from octroi municipalities should themselves to have entrusted in the municipal limits but outside, why should the municipalities grudge the villages bringing the articles for a price less octroi only

Note—Contin. sheet.

GPD—65,000—17-6-12.

R. S. 12]

General and Revenue Secretariat. | File No. 354 of 1912

Serial No.

The Commissioner recommends that the Government may please sanction such temporary loans as are absolutely necessary for the purpose. The Government of India provide in Rangoon a sufficient sum of cash to meet all demands on account of articles which shall remain in the warehouses without being withdrawn, taking a sufficient margin of value for the cost of the warehouse may be suggested.

In the present case the duty on the goods has been levied on the quantity which

Note—Contin. sheet.

GPB—64,000—17-6-13.

H 4

R. S. 12]

General and Revenue Secretariat.

Ind File No. 95C4 of 1911-12

Serial No

was returned to his place from wh it was last sent to be refunded.

15/10/12

15 D 16
Please put up draft

15 16/10

16 Please have the draft issued SDL 19/10/12

17 Rubies draft submitted.

15 11 12 (13)

Sd) SDL 16 11 12

18 2nd Corrs

15 12/1/13

Dy 14/1/13

19 Draft- a/s? by 2? Cor

15/1/13

15 15/1

Dealing Asst 16/1/13

Note—Cousin check.

20

GPB—61,000—17-6-12.

[R. S. 12]

General and Revenue Secretariat. File No. 364 of 1911

| Serial No. | |
|---|---|
| 2 | 21 G O. No 5219-26 Dt 18.1.13/3 Agrees with the Assistt Comr & President of the Municipality that octroi duty should not be levied on the quantity which was sent back to the party for being sent back to the dealer from whom he imported it and directs that the amount recovered from the party on that portion may be refunded to him. |

Note—Contn. sheet.

R. S. 12]

General and Revenue Secretariat. | Jud File No. 354 of 1911

Serial No.

In this case, the D.t Com.r, Chittaldrug Dt has pointed out that by not levying ochoi for that portion of the foods which is not intended for local consumption, merchants may try to evade the payment of ochoi as far as possible by getting customers from outside village. In the draft order put up, it is suggested that this difficulty might be got over if the system adopted in the Bangalore City (as is followed) of allowing refunds for such portion of the foods as may be subsequently exported after bulk is broken & of levying ochoi in the first instance on the whole quantity. It is respectfully submitted that this remedy may not fully meet the difficulty pointed out by the Deputy Com.r, Chittaldrug. According to him, the facilities now provided under which the merchant pay ochoi gradually instead of at once immediately on the receipt of the consignment give them plenty of opportunities to canvass for

NOTE Contn. sheet.

Serial No.

customers from village. They can leave the goods in the bonded warehouse, seek for customers from outside and arrange for sending the goods outside. They can then claim only to pay only octroi only on the quantity actually consumed within the Municipality. Thus, according to the Deputy Com.r, the facility provided in the bonded warehouse enables merchants to pay the minimum octroi duty as possible to the Municipality. It is proposed to meet this difficulty by introducing the system of refund which is obtaining in the Bangalore City. This remedy may not fully meet the difficulty, because the system also provides plenty of facilities for canvassing for customers from outside. In fact, it may even give more facilities to the merchants to evade payment of octroi. They will have more time to canvass for customers, take the goods to the neighbouring villages and settle there the transaction claiming refund for the portion

NOTE.—Contn. sheet.

Serial No.

them sold out.

The System of refund may work well in a big city like Bangalore where trade is concentrated in the town itself. The large variety of goods obtainable and the competition among merchants tend to concentrate trade in the city itself & it is neither worth while nor desirable for the merchants to send out goods to the outside villages or canvass for customers from outside. But in the case of small towns, the demand is the town itself may not be large & the demand from the neighbourhood will have to be met by the merchants by conducting transactions outside, in the villages.

It is respectfully submitted that it would be better to leave each municipality to frame bye-laws suitable to its own local conditions, rather than for Govt to lay down general principles of action for all of them. The Bangalore Municipal

NOTE Contin check.

General and Revenue Secretariat | Mc File No. 3524 of 1911

Serial No

have framed byelaws regarding the levy of ochoi & the system of refund Under Sec 48 (k) 2d when every Mb Council can make byelaws to regulating the levy of ochoi and the framing of such bye laws by all the Mcs may be insisted upon, forwarded

SPA
4/6/12

NOTE -Contn sheet.

GPB—65 000—17-6 12.

1912 81

From

The Deputy Commissioner
Chitaldrug District

To

The Secretary
General & Revenue Depts
Bangalore

Dated

Despatched 12th/13 January 12

Received

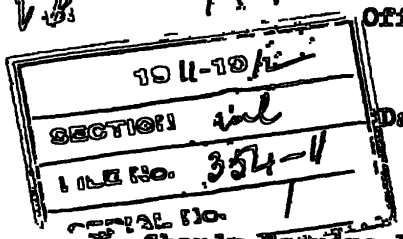
General No 618
No.

Enclosure No. 1 file of V P

Soliciting Clearance Instructions regarding the collection of octroi on cloth, imported into Davangere and kept in the bonded warehouse with the intention of exporting a portion thereof to other places.

GPE—1,50,000—22-6-11

No 518 Rec'd 7476




Office of the Deputy Commissioner,
Chitaldrug District.
Dated Chitaldrug, 12th June 1912.
13

From

K. Chandy Esquire B. A.,
Deputy Commissioner,
C h i t a l d r u g.

To

K. R. Srinivasiengar Esquire M. A.,
Officiating Secretary to the Government of
His Highness the Maharaja of Mysore,
General and Revenue Departments,
B a n g a l o r e.

S I R,

I have the honor to state that a cloth merchant of Davanagere by name Dipaji Pannaji ordered for piece goods from Iyampete, and on receipt of the consignment at Davanagere, produced it at the municipal office, opened the bundle and removed some selected cloths to his shop, after paying octroi duty in respect thereof, and left the rest of the goods in the warehouse with the evident intention of taking them away as sales were effected or of exporting them to other places as the case might be.

2 The merchant, without taking delivery of the goods on payment of duty, subsequently requested the Vice President that the remaining goods might be given to him back for being sent to the man that supplied them to him, on ground that he did not approve of the quality of the goods. The request of the merchant was not complied with by the Vice President who insisted that proper octroi duty should be paid prior to their being removed. The merchant thereupon presented a petition to the Sub-Divisional Assistant Commissioner and President of the municipality, praying for the return of the goods without any duty being recovered thereon. The President in inviting the attention of the Vice President to Government Order No.11509-19/L.F.158-92 dated 14th January 1893, directed that no duty could be levied from the merchant, as the goods were not intended for local consumption but were required

by the merchant for being sent back to the place from where they had been received.

3 The wordings of the Government order quoted above are interpreted by the Vice President in a different light altogether. There being thus a difference of opinion between the two officers, the matter was referred to me.

4 In order to avoid inconvenience and loss to the merchant, I have, in the meantime, requested the President to give back the goods to the merchant recovering the prescribed duty in respect thereof, and also to inform the man that he would get refund of the amount, in case the orders of Government on this reference would be favorable to him.

5 The Government order referred to above (para 2) lays down the following data:-

(1) that the practice of levying duty on excisable articles as soon as they are imported for consumption within municipal limits, may be adopted.

(2) that no duty should be levied on traffic which does not break bulk in its transit through the town.

(3) that articles not required for consumption locally, but intended to be exported to other places, have to be detained temporarily in the warehouse, until they are removed out of municipal limits.

6 The Vice President reports that it is clear from the above 2nd and 3rd clauses, that when once an article is brought into the municipal limits by any person with the avowed object of selling it locally and its bulk is broken, he is bound to pay the octroi on the entire quantity. If the merchant, after breaking bulk, wishes to pay the tax only on some portion which he can sell, and wants the other portion to be exported, there appears to be no provision in the aforesaid order. It is in accordance with this principle that the municipal Board have resolved in 1907, to enforce the levy of octroi

No 518 71.76

on all excisable articles brought within municipal limits for sale and finally extended the time for payment of duty to 3 instalments.

7 The President of the Municipality does not agree with the views taken by the Vice President, as it is not expressly stated in the Government Order quoted above, that duty has to be levied on traffic which breaks bulk and which is not required for local consumption.

8 The concluding portion of the Government order lays down that duty will be collected on articles, if bulk is broken before they leave municipal limits.

9 In the present case, the merchant wants to send the piece goods back to the place from where he got them. Instances may however occur, in which the merchants on breaking the bulk may allow a portion of their goods to remain in Bonded Warehouses for sometime and when they find good customers from outside the municipal limits, they may require the goods being given them back without any duty, under the pretence that the same will be exported to villages. If in such cases, octroi is not levied on the ground that they are not for local consumption, merchants may take advantage of this and try to evade the payment of octroi duty as far as possible by getting customers from villages. The municipal revenue on piece goods which forms one of the most productive items of revenue, is thus likely to suffer if duty is levied in cases similar to those mentioned above.

10 The Vernacular papers bearing on the subject, giving cover to the Vice President's detailed report about the matter, and ending with President's yadi No. 297 dated 3rd April 1912, are submitted herewith for perusal and kind return when done with.

11 Clear instructions on the subject are solicited.

I have the honor to be,

S I R,

Your most obedient servant,

Deputy Commissioner,

Chitaldrug District.

S.V.

GRS 28]

File No 354 - 11
Serial No 2

Diary No of letter replied to 7676

*Proceedings of the Government of His Highness the Maharaja of Mysore*

GENERAL AND RFVENUE SECRETARIAT
( Rev. )

Govt

READ—

Dated the 15 11 1912

Letter no 518 dated the 12th June 1912 from the Dy. Comr., Chitaldrug, Dctto., relating instructions as to whether

Date of issue 16/11/13

Signed by— [illegible]

ORDER THEREON—No

in the case of cloth imported into Davangere Municipality and kept in the bonded warehouse, if bulk is broken in a portion of the article &c/.

SUBJECT

duty should be levied on the quantity so exported.

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Order thereon 5219-26 mol 354-11

9/18.113

The facts of the Case that gave rise to the [illegible] briefly stated are these:-

A certain Clothing Chief of the Bahamas has ordered for piece goods from Singapore and on receipt of the Consignment produced it at the Bombay Office, opened the bundle, removed some cloths after paying duty thereon and left the rest in the bonded warehouse. Subsequently he wished to return the goods so left in the warehouse to the party who supplied them to him. The Vice-President demanded refund of duty thereon before removal, but the Sub-Divisional Officer, [illegible]

(1) 15—20,000—8-10-11

held

G R.S 27]

GENERAL AND REVENUE SECRETARIAT.

*(Continuation sheet draft form.)*

held, on appeal, that no duty could be levied on the article under G. O. No. 4509-19 / E.T.158-92 of the 16th January 1893 as the same was not intended for local consumption. Owing however to the difference of opinion between the two Officers, the question was referred to the Rly. Commissioner and as he also entertained doubts in the matter he has submitted it for the orders of Government.

2) Govt are of opinion that the view taken by the Asstt. Comr and President of the Municipality, viz that duty should not be levied on the quantity which was returned to the party for being sent back to the dealer from whom he imported it, is correct and

accordingly direct that the amount recovered from the party on this portion may be refunded to him.

3) In the last portion of this letter the Hy. Governor points out that if Octroi is not levied on the whole Consignment on the ground that part of it is not meant for local Consumption, Merchants may try to evade payment of the duty by selling their Customers as far as possible from villages. If the Bonâ-fide Merchant Consignee for Customers from outside the Municipality and sells articles to them outside the Municipal limits, it is not clear why the Municipality should grudge the villagers buying them for a price less Octroi duty

C&S 15,000—18-11-11

The

3 R S 27]

GENERAL AND REVENUE SECRETARIAT

*(Continuation sheet draft form)*

The difficulty, if there shou be any, can be got over by introducing into the Municipality the system of refunds prevailing in the Bangalore City Municipality, in the case of duty-paid articles exported subsequently thereto, in the case of bonded ware-house a maximum period may also be pre-scribed beyond which articles should not be left in the Municipal ware house and the rent for the use of the ware-house may be fixed sufficiently high to prevent merchants leaving their goods for any length of time. The Dy. Com^r is requested to advise his Dis-trict Municipal Council to frame suitable bye laws under Section 68(K) of the

by

Regulations are the basis suggested
above and after considering the local conditions
c) The Vernacular Records
received with the Dy. Commissioner's letter read above
are herewith returned.

Sect

Dy Commr Chakrata

returning the Vernacular
Records.

The Deputy Commrs of Dehra
Dun for information

GIPE—15,000—13-11-11

*Proceedings of the Government of His Highness the Maharaja of Mysore, Local Fund and Sanitary (Municipal), dated 18th January 1913*

READ—

Letter No 518, dated the 12th June 1912, from the Deputy Commissioner, Chitaldrug District, soliciting instructions as to whether in the case of cloth imported into Davangere Municipality and kept in the bonded warehouse, if bulk is broken and a portion of the article exported, octroi duty should be levied on the quantity so exported

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No 5219-26—Ml. 354-11-2, DATED BANGALORE, 18TH JANUARY 1913

ORDER THEREON —The facts of the case that gave rise to the point at issue are briefly these —

A certain cloth merchant of the Davangere town ordered for piece goods from Iyampet and on receipt of the consignment produced it at the Municipal Office, opened the bundle, removed some cloths after paying duty thereon and left the rest in the bonded warehouse Subsequently he wished to return the goods so left in the warehouse to the party who supplied them to him The Vice-President demanded octroi duty thereon before removal, but the Sub-Divisional Assistant Commissioner held, on appeal, that no duty could be levied on the article under Government Order No 11509-19—L F 158 92, dated the 14th January 1913 as the same was not intended for local consumption Owing however to the difference of opinion between the two officers, the question was referred to the Deputy Commissioner and as he also entertained doubts in the matter he has submitted it for the orders of Government

2 Government are of opinion that the view taken by the Assistant Commissioner and President of the Municipality, *viz*, that duty should not be levied on the quantity which was returned to the party for being sent back to the dealer from whom he imported it, is correct and accordingly direct that the amount recovered from the party on this portion may be refunded to him

3 In the last portion of his letter the Deputy Commissioner points out that, if octroi is not levied on the whole consignment on the ground that part of it is not meant for local consumption, merchants may try to evade payment of the duty by getting their customers as far as possible from villages If the merchant canvasses for customers from outside the Municipality and sells articles to them outside the Municipal limits, it is not clear why the Municipality should grudge the villagers buying them for a price less octroi duty The difficulty, if there should be any, can be got over by introducing into the Municipality the system of refunds prevailing in the Bangalore City Municipality in the case of duty paid articles exported subsequently Moreove , in the case of bonded warehouse a maximum period may also be prescribed beyond which articles should not be left in the Municipal warehouse and the rent for the use of the warehouse may be fixed sufficiently high to prevent merchants leaving their goods for any length of time The Deputy Commissioner is requested to advise the Davangere Municipal Council to frame suitable bye-laws under Section 48 (k) of the Municipal Regulation on the lines suggested above and after considering their local conditions

4 The vernacular records received with the Deputy Commissioner s letter read above are herewith returned.

K R SRINIVASIENGAR,
*Offg Secy to Govt, Gen & Rev Depts*

To The Deputy Commissioner, Chitaldrug District returning the vernacular records.
The Deputy Commissioners of other Districts for information

Indexed

1912-13

GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE

---

LOCAL FUND AND SANITARY
(MUNICIPAL)

---

PROCEEDINGS

*Dated 18th January 1913*

No. 5219-26
Mi. 864-11-2

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Passes orders on the question whether, under standing orders, in the case of cloth imported into a Municipality and kept in the bonded warehouse, if bulk is broken and a portion of the article separated, octroi duty, should be levied on the quantity so separated.

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GPB—4418—Sw